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FM AMEMBASSY RANGOON
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INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0628
RUEHBY/AMEMBASSY CANBERRA 9417
RUEHKA/AMEMBASSY DHAKA 3980
RUEHLO/AMEMBASSY LONDON 1460
RUEHNE/AMEMBASSY NEW DELHI 3155
RUEHUL/AMEMBASSY SEOUL 6517
RUEHTC/AMEMBASSY THE HAGUE 0484
RUEHKO/AMEMBASSY TOKYO 4128
RUEHCI/AMCONSUL CALCUTTA 0579
RUEHCN/AMCONSUL CHENGDU 0567
RUEATRS/DEPT OF TREASURY WASHDC
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S E C R E T SECTION 01 OF 02 RANGOON 000179

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STATE FOR EAP/MLS; PACOM FOR FPA; TREASURY FOR OASIA:AJEWELL

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TAGS: [PREL](#) [ECON](#) [CH](#) [BM](#)

SUBJECT: BURMESE PRIME MINISTER'S AGENDA IN CHINA

REF: A. 05 RANGOON 1006

[1](#)B. 04 RANGOON 876

[1](#)C. 04 RANGOON 675

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Classified By: Econoff TLManlowe for Reason 1.4 (b,d).

[1](#)1. (C) Summary: Burmese Prime Minister General Soe Win will make his first bilateral visit to China February 14-18 where he will seek to maintain mutually beneficial economic relations; tap PRC largesse for more grants and loans; and flaunt the legitimacy that the relationship provides the regime to offset international pressure. Soe Win's visit will be the first senior-level China-Burma exchange since the UNSC and ASEAN recently addressed the Burma situation. Despite Burma's lingering suspicions of Chinese motives, the PRC appears the best positioned country to influence the regime's political behavior. We hope that China might use its influence to press for more reform, as they already claim to be doing. End Summary.

[1](#)2. (C) According to international press reports, Prime Minister General Soe Win plans to visit China February 14-18. Although the GOB has made no official announcement regarding the PM's travel plans, PRC and GOB officials have been discussing the trip for months. Soe Win has visited China twice since assuming the office of Prime Minister in 2004. Those two trips (November 2004 and October 2005), however, were for multilateral China-ASEAN business and investment summits.

[1](#)3. (C) The February trip will be Soe Win's first official bilateral visit to China as Prime Minister. Chinese diplomats told us in late 2005 that Beijing had postponed the visit by several months in order to prepare "deliverables." Previous senior-level visits between China and Burma have traditionally produced a windfall of concessional loans and

grants for the Burmese regime -- as well as promises of preferential treatment for Chinese investment.

14. (SBU) The March 2004 visit to Rangoon of PRC Vice Premier Wu Yi (ref C), for example, delivered a PRC commitment to reschedule \$120 million in overdue debt and promises from the GOB to support Chinese investment in natural gas, oil, and mineral exploitation. Former Prime Minister General Khin Nyunt visited China in July 2004 and brought home agreements for over \$30 million in grants and concessional loans as well as several million dollars for PRC tied-aid programs (ref B).

15. (S) According to internal GOB briefing documents (PROTECT), PM Soe Win's upcoming travel to China will also reap additional Chinese assistance. The Chinese Embassy in Rangoon recently forwarded to the GOB a draft agreement for a 70 Million yuan (approximately \$8.7 million) grant for economic and technical cooperation. The draft agreement states that the grant is for "the needs of the Myanmar Government to promote its national economy." Additional language states that the Central Bank of Myanmar and the China Development Bank will sign a banking agreement to implement the grant.

16. (S) A second document from the Ministry of Construction (PROTECT) outlines projects that the PM should discuss with the Chinese, including:

-- Myanmar International Convention Center: A Chinese firm completed plans for a new convention center originally planned for Rangoon, which the GOB now wants built in the regime's new capital in Pyinmana.

-- Thilawa Industrial Zone: A Chinese firm completed drawings for the Thilawa Industrial Zone in December 2005 (ref A). After discussing the costs with the Chinese, the PM will

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likely request \$60 million from the Chinese toward project implementation. The Construction Minister also asks the PM to discuss infrastructure support for the zone to attract other foreign investors, including provision of natural gas directly to the site.

-- Road construction projects: China is financing construction of a 79 km road near the Chinese border (Bahmaw-Lweje) as well as a separate 95 km road project in the same region (Myitkyina-Sadone-Kan Pike Ti). The documents indicate that the PRC officials will look for security assurances for some 5,000 Chinese road workers employed on the projects in Burma. (Note: The road links may be part of a long rumored Chinese plan to link Yunnan with the Bay of Bengal via a Burmese road-waterway network. End Note.)

-- Yangon-Thanyin rail and motor vehicle road: China already provided two interest free loans for construction of this link. One agreement, signed in 1982 for 100 million yuan, has a repayment due date of December 31, 2004. The other, signed in 1987 for 80 million yuan, should be repaid by the end of 2006. Neither loan has been repaid and it appears the GOB may seek a rescheduling agreement or forgiveness.

COMMENT: OPPORTUNITIES

17. (C) The Burmese regime views China as a key bilateral partner. General Soe Win, who has been anxious to make a bilateral visit since he assumed the PM role a year and half ago, will clearly seek to maintain mutually beneficial relations. The PRC is not only a reliable source of grants, loans, and investment, but China also accords the regime legitimacy and political support that helps offset international pressure on Burma to undertake serious reform and seek an inclusive national dialogue.

18. (C) Although the insular and xenophobic Burmese military regime harbors historic suspicions of China, China's growing economic influence can also be used to push for political reform. PM Soe Win's visit will be the first senior-level exchange between the two countries since the UN Security Council and ASEAN addressed the Burma situation in December. It would send a powerful message to the regime if Soe Win receives the message that the Chinese agree that reforms are overdue. End Comment.
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